Consumer Confidence Survey

- *Business*
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December 1988

CONFIDENCE OFF SLIGHTLY, BUT STILL STRONG

Consumers were somewhat less optimistic in November than in October. The Board's Consumer Confidence Index (1985 = 100) dropped almost four points in the month. People remain comfortable with the prevailing situation, but are now less sanguine about the immediate future. Buying plans for cars, homes and appliances are soft. However, intentions to spend for Christmas gifts are stronger than a year ago.

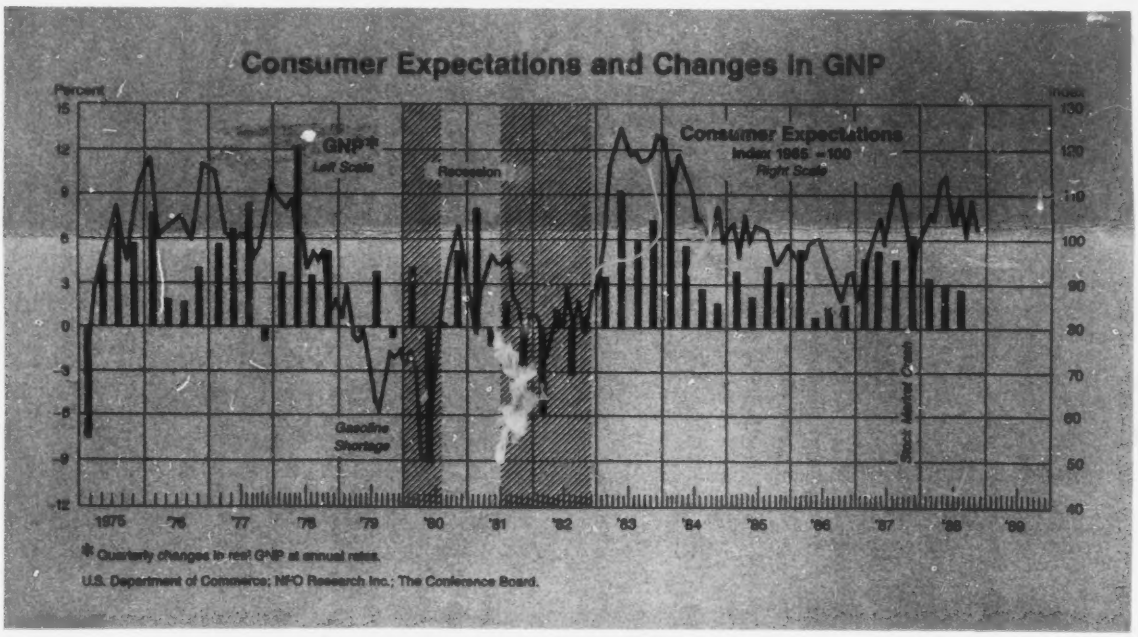
In assessing the current scene, a sturdy 30.5% of all respondents feel that business conditions are "good," up from 28.3 percent. People are slightly more positive than a month ago about employment opportunities.

However, there is now less confidence about the immediate future. Only 18.5% of those contacted expect business conditions to improve over the next six months, down from 21.1 percent. Further, more people now expect conditions to "worsen." Consumers are also somewhat less secure about job prospects. Now, only 15.7%, compared to an earlier 18.6%, expect more jobs will become available. On the question concerning their own family income, the same number of people as previously expect their circumstances to improve.

Plans to buy automobiles, as well as major appliances, were roughly the same in November as in October. Some 7.3% say they will purchase a car within the next six months, 26.8% say they will buy a major appliance. However, both these figures are well below the levels recorded this past summer. Plans to buy a home were down sharply in November—to 2.9% from 3.7% in the previous survey—probably reflecting concern with rising interest rates. However, consumers plan to spend 7% more than last year on Christmas gifts.

The sag in the consumer's spirits in November resulted entirely from a growing uneasiness about the future. This can probably be attributed to that inevitable "moment of truth" following the Presidential election. The nation's economic problems, which were largely evaded by both candidates in the campaign, are now emerging as urgent issues that require immediate confrontation by the new administration. Since early November, considerable attention has been given by the media to the Federal and the Trade Deficits, and the potential problems they pose for the future.

Fabian Linden



Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.
Percentage of all households = 100%

Business **Employment** **Income**

All series seasonally adjusted	1987 Nov.	1987 Dec.	1988 Jan.	1988 Feb.	1988 Mar.	1988 Apr.	1988 May	1988 June	1988 July	1988 Aug.	1988 Sep.	1988 Oct.(r)	1988 Nov.(p)
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	100.8	107.7	109.9	114.9	112.7	115.7	120.2	115.7	113.5	119.7	110.7	116.9	113.1
Present Situation	115.6	119.8	121.5	129.1	124.5	120.2	129.0	126.3	128.2	135.1	126.7	128.3	129.8
Expectations	90.9	99.6	102.2	105.5	104.9	112.8	114.4	108.6	103.7	109.4	100.1	109.3	102.0
Appraisal of Present Situation: Percent													
Business Conditions													
Good	26.4	24.8	26.4	29.6	29.1	28.3	31.6	27.4	28.4	32.2	28.2	28.3	30.5
Bad	20.3	18.5	16.3	18.9	18.8	20.9	18.4	19.7	19.1	17.2	19.2	17.1	17.7
Normal	53.3	56.7	55.3	51.5	52.1	50.8	50.0	52.9	52.5	50.6	52.6	54.6	51.8
Employment													
Jobs plentiful	26.8	27.0	29.5	31.4	28.9	27.8	30.8	31.1	31.3	32.3	29.9	29.8	30.2
Jobs not so plentiful	47.0	49.4	44.8	45.9	47.0	48.1	45.4	46.1	46.2	46.0	47.7	47.2	47.0
Jobs hard to get	26.2	23.6	25.7	22.9	24.1	24.1	23.8	22.8	22.5	21.7	22.4	23.0	22.8
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	18.3	19.9	18.7	19.7	20.2	20.9	22.0	20.4	19.7	21.4	18.3	21.1	18.5
Worse	12.4	9.2	8.0	7.9	7.6	6.4	5.3	6.7	9.6	7.3	9.8	7.0	8.5
Same	69.3	70.9	73.3	72.4	72.2	72.7	72.7	72.9	70.7	71.3	71.9	71.9	73.0
Employment													
More jobs	15.5	16.8	16.2	16.7	15.8	18.2	19.0	18.3	17.7	19.0	17.2	18.6	15.7
Fewer jobs	19.1	16.6	15.6	14.4	14.0	11.9	12.6	13.8	15.0	13.6	15.4	13.2	14.3
Same	65.4	66.6	68.2	68.9	70.2	69.9	68.4	67.9	67.3	67.4	67.4	68.2	70.0
Income													
Increase	28.0	28.3	26.2	30.6	28.5	29.4	29.0	26.3	28.0	27.4	24.8	26.8	26.9
Decrease	9.1	8.4	6.3	6.5	6.7	6.0	6.0	6.4	6.2	6.3	6.9	6.9	6.9
Same	62.9	63.3	67.5	62.9	64.8	64.6	65.0	67.3	65.8	66.3	68.3	66.3	66.2
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	8.2	8.2	7.5	9.6	9.4	9.1	9.4	8.9	8.9	7.5	7.8	7.3	7.3
New	4.3	4.5	3.7	4.7	5.3	5.5	4.9	5.0	4.6	4.2	4.1	3.7	3.5
Used	2.8	3.0	3.0	3.5	3.3	3.1	3.3	3.4	3.4	2.8	2.7	2.7	2.9
Uncertain	1.2	0.7	0.8	1.4	0.8	0.5	1.2	0.5	0.9	0.5	1.0	0.9	0.9
Home													
Yes	3.7	3.5	3.8	5.0	4.7	3.5	3.3	4.0	3.5	4.2	3.3	3.7	2.9
New	1.0	0.8	1.3	1.6	1.7	1.1	1.1	0.9	1.1	1.3	1.1	1.0	0.9
Lived in	2.0	1.7	1.7	2.1	2.1	1.7	1.3	2.1	1.5	2.0	1.5	1.6	1.4
Uncertain	0.7	1.0	0.8	1.3	0.9	0.7	0.9	1.0	0.9	0.9	0.7	1.1	0.6
Major appliances													
Total plans	31.1	28.2	29.4	36.0	34.0	35.0	35.8	30.3	30.1	34.3	30.3	26.5	26.8
Refrigerator	4.3	4.1	5.0	5.8	5.4	5.3	5.9	4.7	4.5	5.0	4.5	3.6	4.0
Washing machine	4.4	3.3	4.1	5.4	4.4	5.3	5.1	3.9	4.7	4.5	3.9	4.1	2.6
TV Set	7.9	7.5	6.7	8.2	8.5	7.9	8.6	7.5	6.1	8.0	7.2	6.4	6.6
Vacuum Cleaner	5.6	5.5	4.6	5.9	5.9	5.6	6.0	4.9	5.2	6.1	5.7	3.8	4.4
Range	3.2	2.8	3.1	3.5	3.2	3.9	3.1	3.1	3.2	2.7	2.8	3.1	2.7
Clothes dryer	3.7	3.1	3.7	4.2	4.2	4.4	4.9	3.8	3.8	4.3	3.4	3.2	2.9
Air conditioner	2.0	1.9	2.2	3.0	2.4	2.6	2.2	2.4	2.6	3.7	2.8	2.3	3.6
Carpet	6.8	7.7	8.3	8.3	9.5	6.2	8.7	7.6	7.1	7.7	8.2	6.2	6.5
Vacation Intended Within Six Months: Percent*													
Vacation Intended		50.9		51.2		49.7		48.5		51.6		49.1	
Destination													
U.S.		44.5		44.3		42.8		41.7		43.5		41.6	
Foreign country		8.2		8.9		9.3		9.3		10.1		8.7	
Means of travel													
Automobile		30.9		29.8		29.8		27.9		29.6		28.2	
Airplane		18.9		19.9		19.1		20.8		21.0		18.4	
Other		3.8		5.0		4.4		4.5		4.0		3.5	

(p)—preliminary (r)—revised

ATTENTION DATA USERS: Data in this publication are available online. For information, phone (212) 759-0900 Ext. 216.

Inflation **Interest Rates** **Stock Prices**

Not seasonally adjusted	1987 Nov.	1987 Dec.	1988 Jan.	1988 Feb.	1988 Mar.	1988 Apr.	1988 May	1988 June	1988 July	1988 Aug.	1988 Sep.	1988 Oct.(r)	1988 Nov.(p)
Expectations for Twelve Months Hence: Percent													
Inflation Rate													
Average	4.5	4.5	4.3	4.3	4.3	4.4	4.4	4.4	5.0	4.9	4.8	4.8	4.7
Interest Rates													
Higher	55.2	58.5	58.9	49.9	58.9	58.0	66.5	71.5	74.9	74.9	75.2	71.8	64.6
Same	22.8	24.1	24.9	25.7	27.6	27.6	23.6	20.0	22.1	16.2	17.0	13.6	23.5
Lower	22.0	17.4	16.2	24.4	13.5	14.4	9.9	8.5	10.6	8.9	7.8	9.6	11.9
Stock Prices													
Increase	34.1	31.1	36.0	36.6	46.9	38.7	39.3	39.8	40.3	39.2	38.5	40.6	39.6
Same	27.0	28.6	31.0	33.6	34.6	33.6	34.3	35.8	34.8	33.0	34.8	35.0	35.3
Decrease	38.9	38.3	33.0	29.8	18.4	27.7	26.4	24.4	24.9	27.8	26.7	24.4	25.1

CONSUMER CONFIDENCE BY REGION

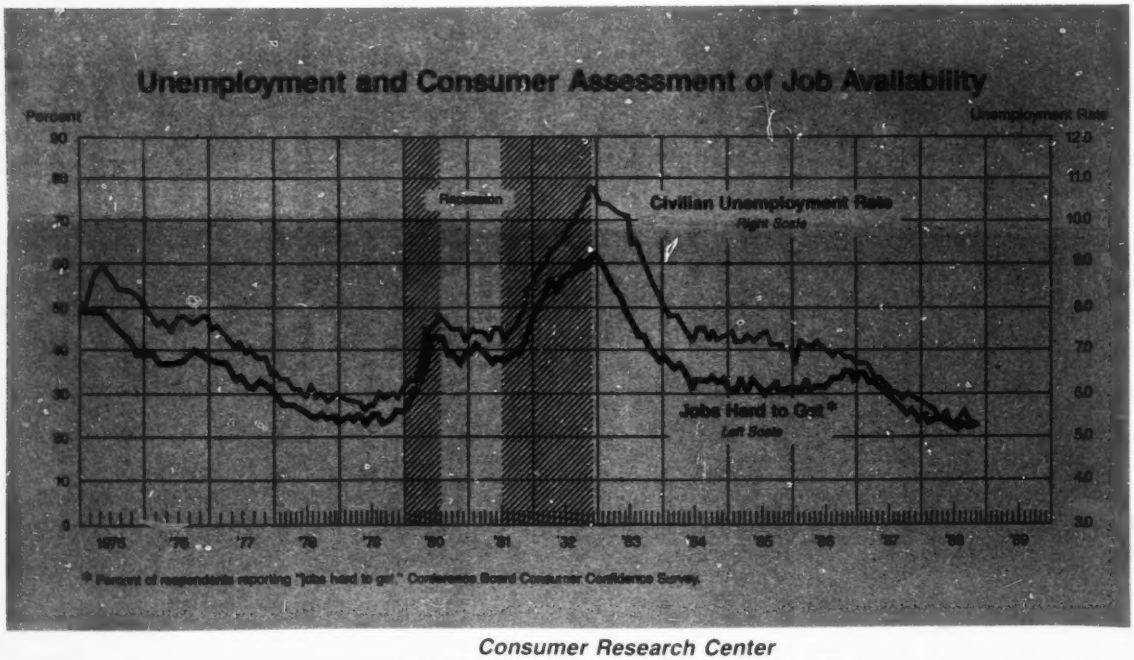
Seasonally unadjusted Index numbers:1985 = 100	1987 Nov.	1987 Dec.	1988 Jan.	1988 Feb.	1988 Mar.	1988 Apr.	1988 May	1988 June	1988 July	1988 Aug.	1988 Sep.	1988 Oct.(r)	1988 Nov.(p)	AVERAGE: Sep., Oct, Nov. 1987	AVERAGE: Sep., Oct, Nov. 1988	Percent Change*
NEW ENGLAND																
Consumer Confidence Index	141.7	148.2	153.6	155.0	152.4	159.2	153.9	149.8	153.9	150.0	139.7	150.9	144.1	153.4	144.9	- 5.5
Present Situation	200.7	204.7	199.2	202.4	200.0	203.7	203.0	207.0	199.5	205.4	204.9	201.3	198.5	206.2	201.5	- 2.3
Expectations	102.3	110.6	123.2	123.4	120.6	129.6	121.2	111.7	123.6	113.0	96.2	117.3	107.8	118.2	107.1	- 9.3
MIDDLE ATLANTIC																
Consumer Confidence Index	101.5	108.8	114.5	114.8	122.0	123.6	125.5	121.8	120.8	125.6	122.6	126.3	114.1	114.5	121.0	5.7
Present Situation	127.5	137.3	142.4	136.2	143.9	142.9	142.9	152.6	145.8	157.2	153.4	148.7	143.2	139.8	148.4	6.1
Expectations	84.3	89.8	95.9	100.5	107.4	110.7	108.1	101.3	104.1	104.6	102.1	111.3	94.7	97.6	102.7	5.2
EAST NORTH CENTRAL																
Consumer Confidence Index	88.0	87.9	97.0	97.0	95.3	104.0	108.7	102.3	95.5	104.1	99.8	115.0	117.8	98.2	110.9	12.9
Present Situation	99.4	96.3	103.4	99.2	91.3	102.8	107.7	111.0	116.5	125.7	121.9	129.7	147.6	109.0	133.0	22.0
Expectations	80.4	82.3	92.8	95.6	97.9	104.7	109.4	96.6	81.5	89.8	85.0	105.2	98.0	91.0	96.1	5.6
WEST NORTH CENTRAL																
Consumer Confidence Index	73.7	71.5	89.6	98.2	87.6	99.1	88.4	91.4	76.0	70.7	86.3	97.5	89.0	85.2	91.0	6.8
Present Situation	77.2	74.9	77.8	84.8	69.4	82.9	93.8	97.6	91.3	74.6	96.6	99.4	100.3	87.8	98.7	12.4
Expectations	71.4	69.3	97.5	107.2	99.7	109.9	84.9	87.3	65.9	68.0	79.5	96.3	81.6	83.4	85.8	2.8
SOUTH ATLANTIC																
Consumer Confidence Index	131.2	131.3	133.9	137.7	136.7	138.7	142.2	138.2	138.6	141.2	138.0	142.4	137.7	140.0	139.4	- 0.4
Present Situation	168.6	164.8	161.7	163.2	165.3	161.9	168.9	163.8	168.6	172.8	170.2	175.3	166.8	171.2	170.8	- 0.2
Expectations	106.2	109.1	115.4	120.7	117.6	123.3	124.5	121.2	118.6	120.2	116.6	120.5	118.3	119.2	118.5	- 0.6
EAST SOUTH CENTRAL																
Consumer Confidence Index	90.1	100.9	98.6	114.9	109.8	96.8	115.0	97.1	84.4	105.9	102.3	108.7	99.3	94.4	103.4	9.6
Present Situation	87.3	93.9	82.0	103.5	94.0	79.1	97.9	93.4	74.6	100.3	99.2	99.2	98.3	84.8	98.9	16.5
Expectations	92.0	105.5	109.8	122.5	120.4	108.7	126.5	99.6	91.0	109.7	104.4	115.1	100.0	100.7	106.5	5.7
WEST SOUTH CENTRAL																
Consumer Confidence Index	70.1	68.7	74.9	81.7	69.7	75.3	77.9	78.5	80.5	80.1	74.8	83.8	69.6	77.0	76.1	- 1.1
Present Situation	28.5	27.7	26.5	33.0	20.1	22.6	34.6	30.8	30.1	31.0	29.3	42.4	30.9	27.6	34.2	23.9
Expectations	97.8	96.0	107.2	114.3	102.8	110.4	106.8	110.3	114.1	112.9	105.2	111.4	95.5	109.9	104.0	- 5.3
MOUNTAIN																
Consumer Confidence Index	76.4	85.7	84.5	82.4	94.6	87.5	94.4	85.4	80.3	92.8	76.9	92.4	92.8	93.6	87.4	- 6.6
Present Situation	67.5	76.1	54.4	66.6	77.8	57.5	79.2	69.2	61.9	77.0	70.0	81.1	68.8	81.1	73.3	- 9.7
Expectations	82.4	92.1	104.5	93.0	105.8	107.6	104.6	96.2	92.7	103.4	81.6	100.0	108.8	101.8	96.8	- 5.0
PACIFIC																
Consumer Confidence Index	125.5	121.2	125.2	135.2	125.2	121.1	125.5	127.0	126.7	134.0	124.6	127.7	134.6	125.3	128.9	2.9
Present Situation	152.1	148.2	140.0	157.3	150.7	135.2	149.1	153.9	161.5	161.7	160.1	156.9	170.0	150.8	162.3	7.6
Expectations	107.7	103.2	115.4	120.4	108.3	111.7	109.7	109.1	103.5	115.5	100.9	108.3	110.9	108.2	106.7	- 1.4

***Percent Change: average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.**

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers: 1985 = 100	1987 Nov.	Dec.	1988 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct. (r)	Nov. (p)	3 mos. Percent, Change*
TOTAL U.S.														
Consumer Confidence Index	100.8	107.7	109.9	114.9	112.7	115.7	120.2	115.7	113.5	119.7	110.7	116.9	113.1	- 2.4
Present Situation	115.6	119.8	121.5	129.1	124.5	120.2	129.0	126.3	128.2	135.1	126.7	128.3	129.8	- 1.2
Expectations	90.9	99.6	102.2	105.5	104.9	112.8	114.4	108.6	103.7	109.4	100.1	109.3	102.0	- 3.2
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	110.2	121.5	116.5	124.4	118.6	120.4	123.1	121.5	121.2	128.5	121.0	117.8	118.4	- 3.7
35-54	103.5	105.9	111.1	113.6	117.1	119.5	121.8	118.7	116.4	119.5	111.4	118.2	114.2	- 3.0
55 and over	86.7	95.6	99.1	104.6	98.7	104.4	113.8	104.7	102.2	110.4	99.1	112.4	106.6	0.3
Present Situation														
Under 35	123.0	130.6	126.5	137.8	128.0	127.1	129.9	130.1	134.5	147.0	138.2	125.9	130.5	- 4.1
35-54	114.4	118.3	122.5	128.4	131.9	124.5	130.3	129.9	130.5	133.8	127.2	128.2	131.9	- 1.7
55 and over	111.0	113.8	116.1	122.7	113.8	110.7	127.2	120.0	122.0	129.1	118.3	129.8	127.3	1.2
Expectations														
Under 35	101.6	115.6	109.7	115.4	112.3	116.0	118.7	115.7	112.4	116.1	109.7	112.5	110.5	- 3.4
35-54	96.2	97.7	103.6	103.9	107.4	116.4	116.2	111.2	107.0	109.9	100.8	111.6	102.4	- 4.0
55 and over	70.4	83.3	88.1	93.0	88.9	100.3	104.9	94.3	88.9	97.8	86.2	100.6	92.7	- 0.5
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	74.6	83.9	85.1	89.0	83.7	89.8	94.1	88.4	82.1	88.1	87.7	91.8	88.7	3.7
$15,000-24,999	97.8	103.4	106.0	116.7	107.6	109.8	112.8	102.7	104.8	115.3	102.2	108.5	112.8	0.2
$25,000 and over	114.7	120.6	122.7	126.8	127.5	129.7	135.4	132.0	130.9	135.3	123.7	131.9	124.9	- 4.5
Present Situation														
Under $15,000	74.9	77.6	74.7	80.1	74.8	78.8	88.5	83.2	83.3	84.0	89.6	89.9	93.2	8.8
$15,000-24,999	104.2	107.7	111.6	124.2	110.7	103.9	116.7	109.0	114.7	121.6	114.6	116.8	121.1	2.1
$25,000 and over	140.2	145.5	148.5	156.2	152.6	145.5	153.5	152.1	154.2	162.7	148.2	151.5	150.4	- 4.0
Expectations														
Under $15,000	74.4	88.6	91.3	93.7	88.7	97.0	97.9	92.1	81.5	91.0	86.8	93.3	85.9	0.5
$15,000-24,999	93.5	100.6	102.1	111.3	105.2	113.7	110.3	98.6	98.3	111.2	94.1	103.1	107.4	- 1.1
$25,000 and over	97.6	103.6	106.1	108.2	111.4	119.4	123.4	118.5	115.3	116.8	107.2	118.6	107.8	- 4.8

***Percent Change:** average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.



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